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# Coöperation and Prices

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**M**R. ALBERT SONNISCHEIN, in his recent admirable book on *Consumers' Coöperation*, describes the essential purposes of consumers' coöperation.

First of all, the immediate purpose of consumers' coöperation is the production and supply of goods for the use of its own members primarily. To accomplish this end the necessary machinery must be acquired and set in motion; stores, factories, land, etc. All this property acquired gradually, as it is needed to supply the increasing membership, is owned collectively by the members, each having an equal share. Social partnership takes the place of private ownership; social profit takes the place of private profit. Again, the management of all the operations of the property each member shares equally. Each has a voice in the control. Finally, membership is open to all comers regardless of sex, creed, race or association. Potentially membership includes all society—it is all conclusive. Consumers' coöperation is essentially a social movement for the interests it represents and permeates all society.

## SCOPE OF CONSUMERS' COÖPERATIVE MOVEMENT

Here in a nutshell is the creed, the primer and guide of the consumers' coöperative movement as taught and firmly held by its most consistent and earnest leaders. Its field is limitless, its principles are clearly defined, its purpose determined—finally substitute a new economic and social system for the old. It is not political and is evolutionary in character. When those twenty-eight weavers of Rochdale in 1843 opened their little coöperative store and formed the first real

consumers' coöperative organization they did so from stern necessity to escape the heavy burdens imposed by a ruthless economic system. Other forms of coöperation, agricultural, credit unions and banks have originated and developed for the same impelling reasons—a determination to be freed from the unreasonable exactions of the trade. The primary cause was practically the same in all the forms of coöperation, but there is a vast difference in final aims and purposes. Some of these differences will be considered in connection with agricultural coöperative societies.

The death rate among the various coöperative attempts for the past century has been always high. There have been many dreamers who perceived in coöperation a remedy for most human ills if only their particular system could be made universal. But the indifferent success or utter failure of most of these schemes has created some suspicion of the permanent stability of such enterprises. Moreover, it may be added that the history of coöperative enterprises serves to teach that the doctrine of universal brotherhood does not in itself promise either persistency of effort or efficiency in accomplishment. Is "Consumers' Coöperation" to be the solution of the problem? Is it to conquer the world's industry and write a new history of economics, or will it be simply a powerful factor in the making and distribution of wealth?

### MATERIAL GROWTH OF CONSUMERS' COÖPERATIVE MOVEMENT

Before we attempt to answer these questions let us see just what the consumers' coöperative movement has done in the seventy-seven years that have elapsed since the humble beginning at Rochdale. It will of necessity be a brief record and deal mainly with material growth. It must be understood that all the local associations joined in forming a central organization, the Central Wholesale Society, and this was done in both England and Scotland; in 1843 one store and twenty-eight members; in 1913 the membership has passed the three million mark in England, or about one-fourth of the population, counting each member as the head of a household. Germany had 1,800,000 members; Russia 1,400,000; France 900,000; Austria 500,000; Italy and Switzerland each 250,000. The rest of the 10,000,000 members were distributed among smaller countries. In the same year sixteen national wholesale societies did a business of approximately three hundred million dollars.

History records the paralyzing and destructive effect of war upon all forms of established industry. Advancing from 1913 to 1918 it will be interesting and instructive to note what happened to the consumers' coöperative enterprise during that fateful period when the cause of liberty trembled in the balance and the greatest war inscribed in the annals of the world was fought to a finish. The British Wholesale Society in 1915 had its sales increase to over \$215,000,000, an increase of over \$40,000,000, or 25 per cent. The Scottish Wholesale Society increased 21 per cent. But

the total sales for the British Wholesale Society for 1918 were about \$326,000,000, and its Scottish partner kept equal pace. In fact, the volume of business of the English just about doubled during the war. The membership for all of Great Britain, now about 4,000,000, indicates an increase of one million heads of families during the war. In Germany the membership increased 450,000, while the volume of trade jumped from 493,000,000 marks to 607,000,000 marks in 1917. The Wholesale Society had its saving deposits increase from 22,000,000 marks in 1914 to 72,000,000 marks in 1917. The Hungarian Wholesale Society in 1917 did a business of nearly 88,000,000 kroner as against a little more than 30,000,000 in 1914; while four hundred and seventy societies were added and the membership increased by 300,000. A business of a little more than 45,000,000 francs was done by the Swiss Wholesale Society in 1914. The same society in 1918 had a turnover of 130,000,000 francs. It also owns and operates the biggest flour mill in Switzerland. Its membership increased from 287,704 to 324,928 in 1917. Sweden's Wholesale Society grew in the importance of its transactions from 9,900,000 kroner in 1914 to 21,800,000 kroner in 1917. The membership increased in the same period from 111,000 to 177,000. The record of Russia may be justly termed unique. In 1918 there were nearly 20,000 consumers' societies in that country, with a membership of about 15,000,000 heads of families. The Russian Wholesale Society in 1913 did a business of less than \$4,000,000; in 1918 its turnover was 2,000,000,000 rubles, which would be a billion dollars at the normal

rate of exchange. It may be added on the authority of Mr. Sonnischen to whom I am indebted for these statistics that 51,000,000, out of a total population of 76,000,000 in Central Russia are served by coöperative institutions.

*Ventures in Coöperative Production*

*Ventures Abroad.*—In addition to this narrative of increase of members and business one other important matter merits notice. It is the notable development and general success of ventures made in coöperative production. It is quite impossible to enumerate all the various fields of industry that the British Wholesale Society alone has entered. Suffice it to say that it has five clothing factories, eight great flour mills, some of the largest in the world, great soap works and nearly a hundred other lines of manufacturing. It also has creameries in Ireland, tallow and oil factories in Australia, bacon factories in Denmark, great tea plantations in Ceylon and India, wheat fields in Canada and a fleet of ships upon the sea. So much for coöperative effort and growth across the sea. It may be frankly admitted that these figures are somewhat staggering. Should such a growth continue, coöperation will complete its conquest of Europe within the next ten years. However, it is very doubtful if any such rapid advance is made. In the judgment of many keen observers the movement will inevitably develop well defined limitations which will be difficult, if not impossible to pass. Moreover, the great size the organization, as already attained, will force to the front some very troublesome and momentous questions which may involve in their settlement the

very existence of coöperation on any large scale.

*Ventures in the United States.*—For the United States the tale is much shorter. Consumers' coöperation has advanced falteringly in this country, although singularly enough in 1844, about the time the Rochdale pioneers started, a tailor in Boston originated a coöperative buying club, which a little later became the first coöperative society in the United States. It is difficult, if not impossible, to give an idea of the present status of coöperation here by means of figures. Reliable statistics are not available, but there are now listed some 3,000 American coöperative societies, most of which are probably in existence. But these are not all simon-pure consumers' organizations. There are centers of activity in California, Illinois, Minnesota, Wisconsin, Pennsylvania, the Dakotas, Oregon and in New York, the home of the Coöperative League of America. We have not much to show compared with results abroad, and the future development of the American consumers' coöperative movement is difficult to determine. However, I believe it is firmly rooted here; is sure of a steady and sturdy growth and will become, in time, an important and influential factor in our industrial life. With some trepidation I will venture the statement that it hardly seems probable that it will either advance as rapidly or be able to reach, at least within the near future, a position of such authoritative power and influence as has been possible for some of the societies over the sea. The conditions here are very different from those existing in the old countries. Our habits and ways of thought, and house-

hold customs are different. Then, too, this is not a "tight little island" but the sweep of a continent across thousands of miles; our population as a whole is not compact; we are not as homogenous a people as some other nations; our thousands of farms create a strong and increasingly powerful agricultural interest and finally we do not, like England, import a large proportion of our food. These are some of the reasons why it seems to me that the consumers' coöperative movement in this country should be studied with very special reference to its relationship to other forms of coöperation. This is absolutely essential if we are to get anywhere in the attempt to better present trade conditions. It is true that Sonnischen insists that pure consumers' coöperation cannot endure matrimony and must always trot in single harness, but while that may be very logical it is not always expedient to push logic too far, because, if consumers' organizations are not yet as vigorous as we might wish, there is a form of coöperation that is growing here with phenomenal rapidity and already possesses the proportions of a young giant. The name of this lively youngster is Agricultural Coöperation.

#### AGRICULTURAL COÖPERATION

The troubles of the farmer have been, in a great measure, those affecting the consumer. Unorganized, he remained isolated, helpless and unprotected at the mercy of selfish and thoroughly organized interests whose operations, although of a semi-public character, are generally unregulated. It will hardly be disputed that at the present time industry is completely

dominated by large aggregations of capital. This thorough organization and equipment of business with increasing legal protection are gradually eliminating competition. But capital has not concentrated on agriculture. Therefore, it is inevitable that the problems created by this concentration and power of capital and its relationship to all concerned have become the leading questions of public policy. The most serious questions that confront us today are no longer political, they are mainly economic. With the growth of cities and towns came a steadily increasing demand for the products of the farm and it is of the greatest importance to the prosperity and welfare of us all that the distribution of these products shall be accomplished with the greatest possible efficiency and with the smallest possible cost. Experience has shown that the existing agencies, free from control, are likely to become predatory and exploit both producer and consumer. The farmer has a deep-seated conviction that acting alone and single handed he pays the highest price for what he buys and gets the lowest price for what he sells, and it must be admitted that the evidence sustaining this opinion has not been controverted. For years the farmer has felt that there was too great a difference between the price paid the producer and the price paid by the consumer. For many years earnest and sometimes violent efforts have been made to improve agricultural conditions with failure as a result, because of lack of adequate comprehension of the economic and social questions involved. As in other forms of coöperation, many organizations styled coöperative were

formed, led brief, precarious lives and ceased to be. Few of these enterprises were founded on right principles and many of them tied up with moral, social or political questions. Many were formed by impractical zealots, full of ardor but lacking sense. But much was learned from these failures, costly as they were. One important lesson was that business principles and not sentiment must control, and that the doctrine of brotherhood does not in itself constitute a stable foundation.

*Coöperative Business Methods Essential to Farmers*

It became apparent that coöperative business methods for farmers are essential if they are to hold their own in the broad field of national economy. This implies at once the ability to continue with others for desirable purposes impossible to be reached by an individual. So within the past twenty-five years agricultural coöperation has entered upon a career that at this time seemed to promise a most signally successful accomplishment. But it is well to remember that although great progress has been made it is like consumers' coöperation abroad, not yet entirely escaped from the experimental stage. Its record of achievement shows the organization of the citrus fruit growers of California, the potato growers of Maine, Maryland and other states, the apple men of Oregon, the melon raisers of Colorado, the cheese and butter makers of Minnesota, Wisconsin, Iowa and a score of other states, the onion growers of Texas, the wheat men in the great wheat area, live stock associations, breeders' associations, dairymen's

leagues, cow testing associations, egg associations, fruit growers' societies and societies for buying supplies. All these run up to very many thousands of organizations doing a yearly business of hundreds of millions of dollars. One striking organization is the farmers' union with societies in twenty-three states and a membership in 1917 of over 3,000,000. It then owned 1,600 warehouses in the southern states for cotton alone.

This outline of achievement, even if brief and inadequate will, however, give a pretty definite notion of the magnitude of the business controlled or directed by agricultural coöperation. Moreover, it must not be forgotten that Rochdale principles of operation largely govern the great majority of these organizations.

*Comparison between Consumers and Agricultural Coöperation*

These two great divisions of coöperation, consumers and agricultural, are identical in purpose when engaged in the business of buying commodities for distribution among members, but when agricultural societies act as collective selling agencies the lines diverge. The consumer in buying collectively aims to eliminate the expense and profit of the middlemen, and even of the manufacturer when possible, and thereby reduce the cost of living. In other words, he proposes to add to his savings the eliminated profits. The agricultural societies, in collective selling, desire to obtain a fair price for their products and to reduce the expense and profit of the middlemen to reasonable proportions and so to add a decent amount to their savings. Both desire to increase in-

come—the one by collective selling the other by collective buying.

So far as figures are available it seems probable that the agricultural coöperative societies have in some cases reduced the price to the consumer and at the same time improved the quality. In other cases where the price has increased, the quality has become standardized, and in all these cases the goods have moved through the ordinary channels of trade. There has been little direct dealing as yet between producers' and consumers' societies. One of the distinct advantages to the consumer is the ability of producers through organization to ship goods of uniform quality and standard grading. Producers are now ready in many cases to deal directly with consumers. It is one of the ways out. Harris says, "What consumers need to do is to assure control of the final steps of distribution and

manage them in their own interest as efficiently as these producers are conducting the initial stages of distribution. Moreover, to worry about what will come to pass when producers finally join issues at the halfway point between source and destination of products is to cross a bridge which is a very long way off. Meantime, consumers can afford to bid Godspeed to coöperative producers."

#### COÖPERATION AND THE INDUSTRIAL SYSTEM

Our present business methods will continue with coöperation in its various forms. As the strength and growth of coöperation continues it will exert an ever increasing influence on the industrial system and the greater the power the greater the corrective influence will be. Coöperation is of the very essence and spirit of true democracy and it can never die.